

## Message Text

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ACTION OES-06

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01

/102 W

-----291157Z 022980 /22

R 281519Z MAR 77

FM AMEMBASSY STOCKHOLM

TO SECSTATE WASHDC 0157

INFO AMEMBASSY COPENHAGEN

AMEMBASSY HELSINKI

AMEMBASSY OSLO

AMEMBASSY REYKJAVIK

C O N F I D E N T I A L SECTION 1 OF 2 STOCKHOLM 1340

E.O. 11652: GDS

TAGS: PINT, TECH, SW

SUBJECT: NUCLEAR POLICY DEBATE THREATENING GOVERNMENT STABILITY

1. THE CONTINUING INABILITY OF THE THREE-PARTY COALITION TO AGREE ON THE CONTENT OF A NUCLEAR ENERGY POLICY IS BEING DISCUSSED MORE INTENSELY NOW BY THE MEDIA, WITHIN POLITICAL CIRCLES AND THE GOVERNMENT ITSELF THAN AT ANY TIME SINCE FORMATION OF THE GOVERNMENT LAST OCTOBER. INTENSIFICATION OF THE NATIONAL DEBATE AT THIS PARTICULAR TIME IS BEING STIMULATED BY IMPINGING DEADLINES IN APRIL REGARDING THE GOVERNMENT'S ROLE AS LOAN GUARANTOR FOR FUTURE NUCLEAR PLANT CONSTRUCTION AND NEW SAFEGUARDS CRITERIA GOVERNING PLANT OPERATIONS. THE EMBASSY DOES NOT AGREE WITH SOME COMMENTS THAT THE ISSUE HAS BROUGHT ON A CRISIS OF SUFFICIENTLY SERIOUS PROPORTIONS WHICH COULD LEAD TO A BREAK UP OF THE COALITION AND NEW ELECTIONS. NEVERTHELESS, A CONTINUATION TOO MUCH LONGER OF FALLDIN'S INABILITY TO FORGE COALITION-WIDE AGREEMENT ON NUCLEAR POLICY WILL RESULT IN A FURTHER LOSS OF PUBLIC SUPPORT FOR THE  
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GOVERNMENT AND MIGHT WELL SET THE ENVIRONMENT IN WHICH NEW ELECTIONS WILL BECOME A POLITICAL ALTERNATIVE TO THE PRESENT PUBLIC BICKERING AMONG THE COALITION PARTIES.

2. AN IMPORTANT DEADLINE REQUIRING EARLY GOVERNMENT DECISION INVOLVES ASSURANCES TO SEVERAL PRIVATE POWER COMPANIES THAT THE NUMEROUS LOANS THEY MUST OBTAIN TO BEGIN CONSTRUCTION

AND EQUIPPING OF SWEDEN'S ELEVENTH AND TWELFTH NUCLEAR PLANTS (FORSMARK III AND OSKARHAM III) WILL BE GUARANTEED BY THE GOVERNMENT. BECAUSE OF THE VAST AMOUNTS OF LOAN CAPITAL INVOLVED, THE FAILURE TO RECEIVE SUCH GUARANTEES WOULD EFFECTIVELY KILL ALL CONSTRUCTION PLANS. ON MARCH 24, THE MINISTER OF ENERGY OLOF JOHANSSON, A FORMER CHAIRMAN OF THE CENTER PARTY YOUTH GROUP WHO SHARES THE LATTER'S RATHER FRENETIC ANTI-NUCLEAR POSITION, RAISED THE LOAN GUARANTEE ISSUE WITHIN THE GOVERNMENT. JOHANSSON REMINDED THE COALITION OF THE UNDERSTANDING REACHED IN NEGOTIATIONS LEADING TO THE GOVERNMENT'S FORMATION LAST OCTOBER THAT NUCLEAR PLANTS STILL ON THE "DRAWING BOARD" WOULD NOT BE BUILT. JOHANSSON REPORTEDLY MADE CLEAR THAT THE CENTER PARTY WOULD NOT SUPPORT GUARANTEES FOR PLANTS ELEVEN AND TWELVE WHICH WERE IN THE "DRAWING BOARD STAGE" LAST OCTOBER. MODERATE AND LIBERAL PARTY MEMBERS OF THE GOVERNMENT DISPUTE THIS INTERPRETATION. THEY INSIST THAT PRELIMINARY DESIGN AND ENGINEERING WORK FOR THESE PLANTS HAD BEEN CONTRACTED FOR LAST JULY, THAT THESE PLANTS WERE THEREFORE "UNDER CONSTRUCTION" IN OCTOBER, AND THAT THE UNDERSTANDING REACHED WITH THE CENTER PARTY DID NOT INCLUDE THESE INSTALLATIONS. THE LIBERALS ARE SAID TO BE INSISTING ON THE CONSTRUCTION OF THE ELEVENTH PLANT WHILE THE MODERATES WISH TO SEE BOTH ELEVEN AND TWELVE AUTHORIZED.

3. SWEDEN NOW HAS SIX NUCLEAR PLANTS IN OPERATION. FOUR OTHERS (PLANTS 7-10) ARE IN VARIOUS STAGES OF CONSTRUCTION AND WOULD BE READY FOR LOADING IN THE 1977-1981 PERIOD. THE OPERATORS OF THE SIXTH PLANT, BARESBACK II, MUST MEET

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BY OCTOBER 1, 1977, VERY STRICT CRITERIA FOR WASTE DISPOSAL AND FUEL REPROCESSING OR BE FORCED TO CLOSE DOWN. THE ROYAL COMMISSION STUDYING ALL ASPECTS OF SWEDISH ENERGY REQUIREMENTS WILL PRESENT ITS RECOMMENDATIONS TO THE RIKSDAG IN THE SPRING OF 1978. A "CONDITIONS BILL" NOW IN COMMITTEE IN THE RIKSDAG WILL BE VOTED UPON IN APRIL AND, IF APPROVED, BE EFFECTIVE AS OF MAY 1. THE NEW LAW WOULD LIKEWISE REQUIRE THE POWER COMPANIES TO MEET STRINGENT SAFEGUARDS CRITERIA.

4. NO AGREEMENT WAS REACHED AT THE MARCH 24 MEETING AND THE THREE PARTY CHAIRMEN WILL NOW REMAIN IN CONSTANT TOUCH TO DETERMINE WHETHER A COMPROMISE IS POSSIBLE. THE NEXT DEADLINE FOR REACHING AGREEMENT ON THE GOVERNMENT GUARANTEE QUESTION IS REPORTED TO BE APRIL 14. THE INTERNAL DISPUTE HAS STIMULATED REACTION THROUGHOUT THE POLITICAL SPECTRUM AS WELL AS THE MEDIA. THE CENTER PARTY YOUTH GROUP IS MAKING A SERIES OF SCATHING ATTACKS ON MODERATE PARTY LEADER GOSTA BOHMAN WHO, IT BELIEVES, IS THE PRINCIPAL

ADVOCATE OF ALL-OUT NUCLEAR EXPANSION. UNDER THE SLOGAN "GOSTA GO HOME," THEY HAVE ALSO RAILED AGAINST BOHMAN'S ADVOCACY OF SWEDISH MEMBERSHIP IN THE INTER-AMERICAN DEVELOPMENT BANK AND OTHER "REACTIONARY" POSITIONS. THE MODERATE PARTY YOUTH GROUP MEANWHILE HAS AGAIN ENDORSED THE CONTINUED DEVELOPMENT OF A PRUDENT RESPONSIBLE NUCLEAR ENERGY PROGRAM. THE LIBERAL PARTY YOUTH ORGANIZATION HAS PUBLICLY SUGGESTED THAT MINISTER OF ENERGY JOHANSSON PERFORM A PUBLIC SERVICE BY RESIGNING HIS OFFICE, A REFLECTION OF THE LIBERALS' OWN PRO-NUCLEAR STAND. ON MARCH 27, SOCIAL DEMOCRATIC PARTY LEADER PALME RIDICULED THE GOVERNMENT'S INABILITY TO RESOLVE THE QUESTION OF THE FUTURE OF TWO NUCLEAR PLANTS AS LUDICROUS, DIVISIVE AND TIME-WASTING. THE SOCIAL DEMOCRATIC YOUTH WING HAS OFFERED THE ULTIMATE SOLUTION--THE HOLDING OF NEW ELECTIONS.

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/102 W

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R 281519Z MAR 77  
FM AMEMBASSY STOCKHOLM  
TO SECSTATE WASHDC 0158  
INFO AMEMBASSY COPENHAGEN  
AMEMBASSY HELSINKI  
AMEMBASSY OSLO  
AMEMBASSY REYKJAVIK

C O N F I D E N T I A L SECTION 2 OF 2 STOCKHOLM 1340

5. COMMENT: IT APPEARS THAT FALLDIN AND THE CENTER PARTY HAVE CONCLUDED THAT THEY CANNOT COMPROMISE FURTHER ON THE NUCLEAR ENERGY QUESTION, GIVEN THE LINGERING RESENTMENT IN THE PARTY OVER FALLDIN'S "DECEIT" LAST OCTOBER IN PERMITTING THE BARESBACK II PLANT TO BE LOADED (WHICH OCCURRED ON MARCH 18). FALLDIN'S PERSONAL LEADERSHIP OF THE PARTY WAS SEVERELY SHAKEN AS A RESULT. AND WHILE HE HAS BEEN MUCH MORE PRONE TO COMPROMISE FOR THE SAKE OF COALITION UNITY THAN HIS MINISTER OF ENERGY, HE APPARENTLY REALIZES THAT HE MUST NOW MAKE A STAND AGAINST FURTHER EXPANSION IF

HE IS TO RETAIN CREDIBILITY AND LEADERSHIP WITHIN THE PARTY, WHETHER OR NOT THE COALITION BREAKS UP AS A RESULT. WHILE DIFFICULT TO PREDICT, THE EMBASSY BELIEVES THE MODERATES AND LIBERALS WILL BOW TO CENTER OBSTINACY ON THIS IMMEDIATE QUESTION OF GOVERNMENT GUARANTEES FOR PLANTS ELEVEN AND TWELVE. THEY REALIZE ALL TOO WELL THAT THEIR CHANCES OF REMAINING IN POWER AFTER AN EXTRAORDINARY ELECTION ARE VER SLIM, GIVEN THE INCREASES IN POPULAR SUPPORT FOR THE SOCIAL DEMOCRATS SINCE LAST YEAR'S CONTEST. FOR THE CONFIDENTIAL

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LONGER RUN, HOWEVER, THERE PROMISES TO BE REAL DIFFICULTY FOR THE NON-SOCIALISTS. MODERATES AND LIBERALS FEAR THAT THE CENTER'S STRATEGY AGAINST NUCLEAR POWER THREATENS ALL CURRENT AND FUTURE PLANTS. THEY SEE THE CENTER AS USING THE CONDITIONS LEGISLATION ON OPERATING SAFEGUARDS AS A MEANS OF PREVENTING PLANTS 7-10 FROM EVER COMING ONSTREAM AND OF ATTEMPTING TO FORCE PLANTS 1-6 TO SHUT DOWN. JOHANSSON HAS ALREADY EXPRESSED SERIOUS DOUBT THAT STEPS NOW BEING TAKEN BY THE POWER COMPANIES TO CONFORM WILL BE ACCEPTABLE TO THE GOVERNMENT. IF THIS IS INDEED THE CENTER'S STRATEGY, THE GOVERNMENT WILL ENDURE UNTIL 1979 ONLY WITH GREAT DIFFICULTY. FALLDIN AND COMPANY MUST WEIGHT THE CONSEQUENCES OF FORCING THE ISSUE TO WHERE NEW ELECTIONS ARE INEVITABLE, HOWEVER, SINCE THE RETURN TO POWER OF THE SOCIAL DEMOCRATS ALMOST CERTAINLY MEANS THE ISOLATION OF THE CENTER PARTY ON THE NUCLEAR QUESTION. IN THAT CASE, THE CENTER'S ACTION TO "HALT THE MARCH INTO A NUCLEAR SOCIETY" WILL HAVE TURNED OUT TO BE BUT A BRIEF PAUSE IN THE JOURNEY. SMITH

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## Message Attributes

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